

ORIGINAL
OPEN MEETING



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MEMORANDUM
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Arizona Corporation Commission

DOCKETED

JUN 28 2011

AZ CORP COMMISSION
DOCKET CONTROL

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TO: THE COMMISSION

FROM: Utilities Division

DATE: June 28, 2011

RE: VERIZON LONG DISTANCE LLC TARIFF FILING TO ADD A MONTHLY RECURRING CHARGE (MRC) TO VERIZON SINGLE RATE PLAN (FORMERLY TARIFFED AS PLAN P SERVICE) (DOCKET NO. T-03289A-11-0156)

On April 7, 2011, Verizon Long Distance LLC ("Verizon Long Distance" or "Company") filed changes to its AZ. C.C. Tariff No. 3. Verizon Long Distance is seeking to introduce a monthly recurring charge to its Verizon Single Rate Plan (formerly tariffed as Plan P Service). The proposed maximum monthly recurring charge is \$6.00 with the proposed initial rate set at \$1.99. The proposed tariff revision would apply to each residential customer line that is presubscribed to Verizon Single Rate Service.

According to Verizon Long Distance, the proposed increase is part of an initiative throughout Verizon Long Distance's nationwide service area. The Company intends to add the monthly recurring charge ("MRC") to this optional residential calling plan in all states where the service is offered. The Company asserts that the new charge is being added as a result of competitive long distance marketplace conditions. Verizon Long Distance's proposed revision to the Verizon Single Rate Plan is consistent with MRCs currently being applied to Verizon Long Distance subscriber's accounts that are presubscribed to several other optional residential calling plans, such as Plan B Service, Plan G Service, and Plan D Service.

On May 20, 2011, Staff issued a Data Request to Verizon Long Distance for information responsive to Title 14, Article 11, Section 1110 (Competitive Telecommunications Services) of the Arizona Administrative Code. On June 3, 2011, Verizon Long Distance provided responses to Staff's May 20, 2011 Data Request. Verizon Long Distance provided verification that it has provided notice to its customers in accordance with Commission rules. Staff has reviewed the customer notification, a copy of which was included in the filing, and has concluded that it is consistent with Commission rules.

Since this filing increases the maximum rate for a component of a service that has been classified as competitive under the Commission's Competitive Telecommunications Services Rules, Arizona Administrative Code ("A.A.C") R14-2-1110 applies to Verizon Long Distance's proposal. Verizon Long Distance provided the information required by A.A.C. R14-2-1110 to allow Staff to determine the potential effects of approval of the filing.

The proposed rate increase contained in this filing is for services that have been classified as competitive by the Commission and that are now subject to the Commission's Competitive Telecommunications Services Rules. Under those rules, rates for competitive services are not set according to rate of return regulation standards. Staff requested information from Verizon Long Distance to allow it to determine the potential effects of approval of the filing. Verizon Long Distance indicated that as of May 25, 2011, there are two Arizona residential customers currently on the plan that will be impacted by the proposed increase. Under the proposed maximum rates, the Company's total annualized revenue from these two customers would increase by \$144. Verizon Long Distance provided information that indicates the expected effect of this filing is an increase in Verizon Long Distance's annualized Arizona revenues of less than 1 percent.

Staff obtained information regarding Verizon Long Distance's fair value rate base. Due to the nature of the competitive market and other factors, a fair value analysis is not necessarily representative of the Company's operations. Therefore, while Staff considered the fair value rate base information of Verizon Long Distance, it did not accord that information substantial weight in its analysis of this matter.

Staff recommends approval of this filing.



Steven M. Olea
Director
Utilities Division

SMO:PJG:sms/KAR

ORIGINATOR: Pamela Genung

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 GARY PIERCE
 Chairman

3 BOB STUMP
 Commissioner

4 SANDRA D. KENNEDY
 Commissioner

5 PAUL NEWMAN
 Commissioner

6 BRENDA BURNS
 Commissioner

7

8 IN THE MATTER OF THE APPLICATION
9 OF VERIZON LONG DISTANCE LLC
10 TARIFF FILING TO ADD A MONTHLY
11 RECURRING CHARGE (MRC) TO
12 VERIZON SINGLE RATE PLAN
13 (FORMERLY TARIFFED AS PLAN P
14 SERVICE)

DOCKET NO. T-03289A-11-0156

DECISION NO. _____

ORDER

14 Open Meeting
15 July 12 and 13, 2011
16 Phoenix, Arizona

16 BY THE COMMISSION:

17 FINDINGS OF FACT

18 1. On April 7, 2011, Verizon Long Distance LLC ("Verizon Long Distance" or
19 "Company") filed changes to its AZ. C.C. Tariff No. 3. Verizon Long Distance is seeking to
20 introduce a monthly recurring maximum rate of \$6.00 to its Verizon Single Rate Plan (formerly
21 tariffed as Plan P Service). This change effects the following tariff pages:

22 Arizona Telecommunications Tariff

23 AZ. C.C. Tariff No. 3, Third Revised, Title Page
24 AZ. C.C. Tariff No. 3, Eighth Revised, Page 1
25 AZ. C.C. Tariff No. 3, Sixth Revised, Page 2
26 AZ. C.C. Tariff No. 3, First Revised, Page 56
27 AZ. C.C. Tariff No. 3, First Revised, Page 154

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1 2. The proposed maximum monthly recurring charge is \$6.00 with the proposed initial
2 rate set at \$1.99. The proposed tariff revision would apply to each residential customer line that is
3 presubscribed to Verizon Single Rate Service.

4 3. According to Verizon Long Distance, the proposed increase is part of an initiative
5 throughout Verizon Long Distance's nationwide service area. The Company intends to add the
6 monthly recurring charge ("MRC") to this optional residential calling plan in all states where the
7 service is offered. The Company asserts that the new charge is being added as a result of
8 competitive long distance marketplace conditions. Verizon Long Distance's proposed revision to
9 the Verizon Single Rate Plan is consistent with MRCs currently being applied to Verizon Long
10 Distance subscriber's accounts that are presubscribed to several other optional residential calling
11 plans, such as Plan B Service, Plan G Service, and Plan D Service.

12 4. On May 20, 2011, Staff issued a Data Request to Verizon Long Distance for
13 information responsive to Title 14, Article 11, Section 1110 (Competitive Telecommunications
14 Services) of the Arizona Administrative Code. On June 3, 2011, Verizon Long Distance provided
15 responses to Staff's May 20, 2011 Data Request. Verizon Long Distance provided verification
16 that it has provided notice to its customers in accordance with Commission rules. Staff has
17 reviewed the customer notification, a copy of which was included in the filing, and has concluded
18 that it is consistent with Commission rules.

19 5. Since this filing increases the maximum rate for a component of a service that has
20 been classified as competitive under the Commission's Competitive Telecommunications Services
21 Rules, Arizona Administrative Code ("A.A.C") R14-2-1110 applies to Verizon Long Distance's
22 proposal. Verizon Long Distance provided the information required by A.A.C. R14-2-1110 to
23 allow Staff to determine the potential effects of approval of the filing.

24 6. The proposed rate increase contained in this filing is for services that have been
25 classified as competitive by the Commission and that are now subject to the Commission's
26 Competitive Telecommunications Services Rules. Under those rules, rates for competitive
27 services are not set according to rate of return regulation standards. Staff requested information
28 from Verizon Long Distance to allow it to determine the potential effects of approval of the filing.

1 Verizon Long Distance indicated that as of May 25, 2011, there are two Arizona residential
2 customers currently on the plan that will be impacted by the proposed increase. Under the
3 proposed maximum rates, the Company's total annualized revenue from these two customers
4 would increase by \$144. Verizon Long Distance provided information that indicates the expected
5 effect of this filing is an increase in Verizon Long Distance's annualized Arizona revenues of less
6 than 1 percent.

7 7. Staff obtained information regarding Verizon Long Distance's fair value rate base.
8 Due to the nature of the competitive market and other factors, a fair value analysis is not
9 necessarily representative of the Company's operations. Therefore, while Staff considered the fair
10 value rate base information of Verizon Long Distance, it did not accord that information
11 substantial weight in its analysis of this matter.

12 8. Staff has recommended approval of this filing.

13 CONCLUSIONS OF LAW

14 1. Verizon Long Distance LLC is an Arizona public service corporation within the
15 meaning of Article XV, Section 2, of the Arizona Constitution.

16 2. The Commission has jurisdiction over Verizon Long Distance LLC and the subject
17 matter in this filing.

18 3. The Commission, having reviewed the tariff pages (copies of which are contained
19 in the Commission's tariff files) and Staff's Memorandum dated June 28, 2011, concludes the
20 tariff filing is reasonable, fair and equitable, and is therefore in the public interest.

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3 ORDER

4 IT IS THEREFORE ORDERED that the tariff filing for Verizon Long Distance LLC be
5 and hereby is approved, as discussed herein.

6 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

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8 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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CHAIRMAN

COMMISSIONER

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COMMISSIONER

COMMISSIONER

COMMISSIONER

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IN WITNESS WHEREOF, I ERNEST G. JOHNSON,
Executive Director of the Arizona Corporation Commission,
have hereunto, set my hand and caused the official seal of
this Commission to be affixed at the Capitol, in the City of
Phoenix, this _____ day of _____, 2011.

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ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

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DISSENT: _____

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DISSENT: _____

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SMO:PJG:sms/KAR

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1 SERVICE LIST FOR: Verizon Long Distance LLC
2 DOCKET NO. T-03289A-11-0156

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9 Arizona Corporation Commission
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